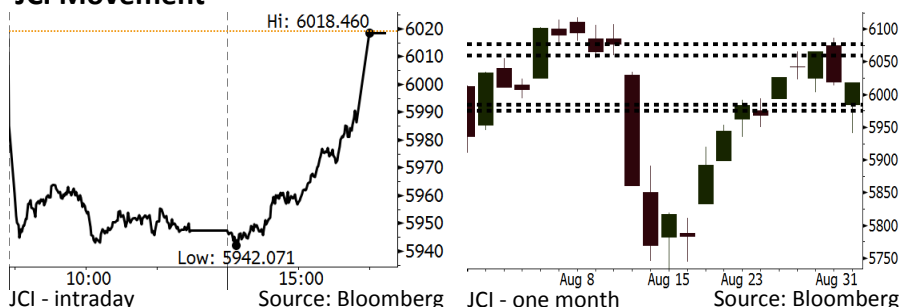


Morning Brief

Daily | Sept 03, 2018

JCI Movement



IHSG (Jakarta Composite Index)

August 31	6,018.46
Chg	-0.50pts (-0.01%)
Volume (bn shares)	82.59
Value (IDR tn)	8.74

Adv 122 Dec 244 Unc 248 Untr 125

Foreign Transaction		(IDR bn)
Buy		3,885
Sell		4,320
Net Buy (Sell)		(435)

Top Buy	NB Val.	Top Sell	NS Val.
INKP	118.2	PTBA	172.3
PGAS	67.4	AKRA	139.7
TLKM	33.4	ASII	86.6
CPIN	25.9	BBRI	81.5
ACES	14.1	BBCA	31.7

LQ-45 Index

Top Gainers & Losers			
Gainers	%	Losers	%
TPIA	4.8%	AKRA	-4.5%
PGAS	4.4%	BSDE	-4.4%
LPKR	2.9%	BBTN	-3.9%
INDY	2.8%	WIKA	-3.4%
HMSP	2.7%	ASII	-3.0%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.20%	0.19%
USDIDR	14,710	0.20%
KRWIDR	13.20	-0.26%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,964.82	(22.10)	-0.09%
S&P 500	2,901.52	0.39	0.01%
Nasdaq	8,109.54	21.17	0.26%
FTSE 100	7,432.42	(83.61)	-1.11%
CAC 40	5,406.85	(71.21)	-1.30%
DAX	12,364.06	(130.18)	-1.04%
Nikkei	22,865.15	(4.35)	-0.02%
Hang Seng	27,888.55	(275.50)	-0.98%
Shanghai	2,725.25	(12.49)	-0.46%
KOSPI	2,322.88	15.53	0.67%
EIDO	23.37	0.03	0.13%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,203.6	3.6	0.30%
Crude Oil (USD /bbl)	69.80	(0.45)	-0.64%
Coal Newcas(USD/ton)	112.25	(0.05)	-0.04%
Gas (USD /mmbtu)	2.92	0.04	1.46%
Nickel LME (USD /MT)	12,800	(485.0)	-3.65%
Tin LME (USD /MT)	18,990	(205.0)	-1.07%
CPO (MYR/Ton)	2,248	31.0	1.40%

Market Recap

JCI closed flat on Friday amid the rupiah depreciation, the lowest since 1998. Markets responded positively to the B20 mandatory. **Top Losers: Misc. Industry (-2.45%), Property (-1.00%), Mining (-0.80%)**

Global markets were sluggish on Friday along with the escalating tension of trade war. The escalation was triggered by Trump's ahead move of addition tariff on China's goods and the trade deal between the U.S. and Canada ended without a deal.

Today's Outlook: Hike in Manufacture Activity

We estimate that today JCI rallied with the **support range of 5975 and 5985** and **resistance range of 6060-6077**. The positive sentiment comes from the release of Indonesia's PMI reaching 51.9 in August 2018. The figures were the highest since June 2016 and indicated that the domestic manufacture activity keeps accelerating. On the other side, investors await the release of August's inflation figures. The inflation is estimated to be stable at the around 3.2%.

From the global outlook, the pressure comes from the updated trade negotiation between the US and Canada. The negotiation ended without a deal on Friday, 08/31/18, and will be continued during this week. Indeed, President Trump notified the deal to end in 90 days.

Stocks Recommendation (details on the next page)

Trading Buy: ASII, GGRM, BBNI

Company News

- RALS : Boost Sales in the 2H18
- WEGE : Acquisition Is Targeted in the 2H18
- WSBP : Expands Market Outside Its Core Business
- PRDA : Will Launch 5-7 New Stores

Domestic & Global News

- Growth in Banking Credit Boosts Amount of Money Circulation
- US and Canada Fail to Reach Trade Deal

Indonesia Economic Data

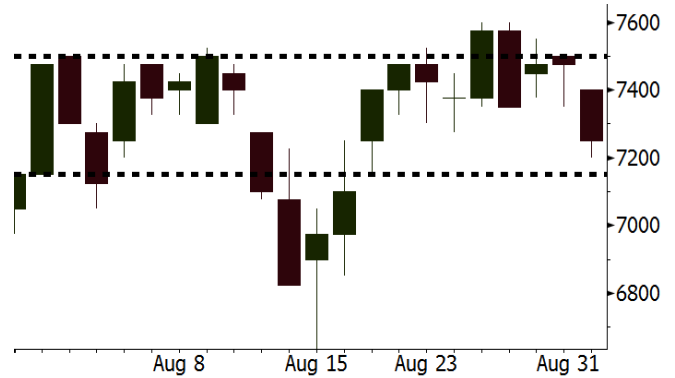
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	118.31	119.84	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(2.03)	1.74	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	19.33%	11.47%	FDI (USD bn)	5.50	3.49
Imports Yoy	31.56%	12.66%	Business Confidence	106.28	112.39
Inflation Yoy	3.18%	3.12%	Cons. Confidence*	124.80	128.10

ASII Last = 7250

Analysis The Indonesian and Australian government reached a deal for the free trade negotiation. The deal allowed ASII to export automotive to Australia without any import tariffs.

Range 7150 – 7500

Action Trading Buy. Cut Loss If Below 7150



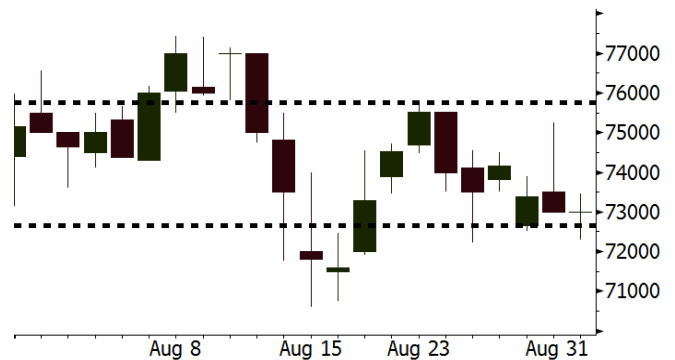
Source: Bloomberg

GGRM Last = 73000

Analysis GGRM posted the 2Q18's net profit of IDR1.7 trillion soaring 34.3% compared to the 2Q17 net profit IDR1.2 trillion. Additionally, the 2Q18's net profit topped our estimated net profit of IDR1.1 trillion.

Range 72650 – 75750

Action Trading Buy. Cut Loss If Below 72650



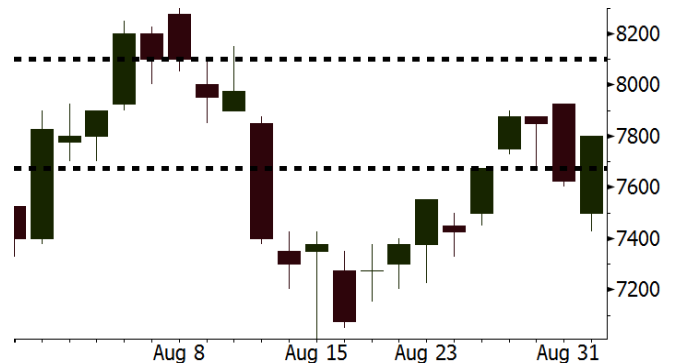
Source: Bloomberg

BBNI Last = 7800

Analysis July's credit growth consistently accelerated as the growth in July's credit reached 11.34% backed by the manufacture corporate segment: BBNI's priority sector.

Range 7675 – 8100

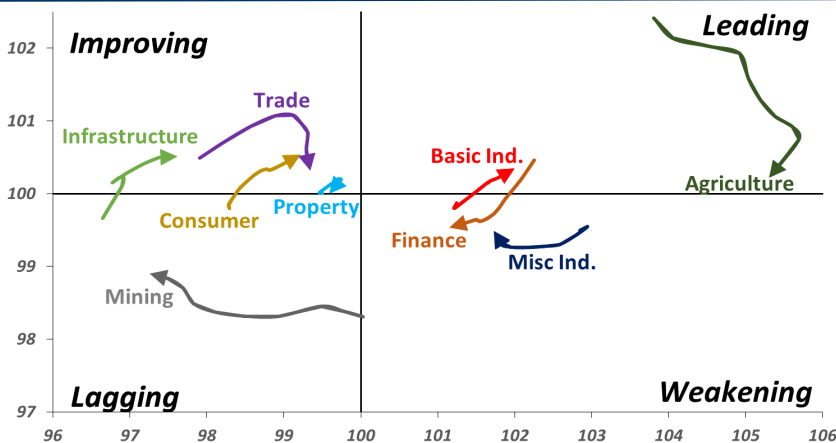
Action Trading buy. Cut Loss If Below 7675



Source: Bloomberg

Sector Rotation

Relative Rotation Graph - Last 10 Days



Source: Bloomberg

Relative Valuation

	Last Price	End of Last Year Price	Target Price*	Rating	Upside Potential (%)	1 Year Change (%)	Market Cap (IDR tn)	Price / EPS (TTM)	Price / BVPS	Return on Equity (%)	Dividend Yield TTM (%)	Sales Growth Yoy (%)	EPS Growth Yoy (%)	Adjusted Beta
JCI Index	6,018	6,356				2.6	6,813.3							
Finance						10.3	2,035.1							
BBCA	24,800	21,900	27,650	Hold	11.5	30.9	611.4	25.3x	4.5x	18.8	1.0	5.7	8.4	1.0
BBRI	3,180	3,640	3,930	Buy	23.6	5.1	392.2	12.8x	2.4x	19.3	3.4	5.8	10.9	1.4
BMRI	6,900	8,000	7,500	Hold	8.7	5.3	322.0	13.8x	1.9x	14.5	2.9	(0.5)	28.7	1.3
BBNI	7,800	9,900	9,675	Buy	24.0	6.1	145.5	9.9x	1.5x	15.5	3.3	11.8	16.2	1.4
BBTN	2,750	3,570	3,280	Buy	19.3	(8.6)	29.1	9.1x	1.3x	15.1	2.1	14.3	11.7	1.7
BJTM	670	710	810	Buy	20.9	(5.6)	10.0	8.5x	1.3x	15.5	6.6	1.1	2.5	0.9
Consumer						(2.3)	1,370.2							
HMSP	3,830	4,730	4,575	Buy	19.5	5.2	445.5	35.0x	16.1x	46.0	2.8	5.5	1.9	1.3
GGRM	73,000	83,800	88,650	Buy	21.4	5.5	140.5	17.2x	3.4x	20.9	3.6	12.6	13.7	1.3
UNVR	43,850	55,900	44,200	Hold	0.8	(13.3)	334.6	48.4x	66.8x	139.4	2.1	(0.4)	(2.5)	1.0
ICBP	8,675	8,900	9,625	Hold	11.0	(0.6)	101.2	25.3x	5.2x	21.3	1.9	5.4	9.5	1.1
INDF	6,375	7,625	8,175	Buy	28.2	(23.9)	56.0	14.5x	1.8x	12.6	3.7	1.0	(12.5)	1.2
KLBF	1,345	1,690	1,730	Buy	28.6	(21.3)	63.0	26.2x	4.7x	18.9	1.9	3.1	(0.0)	1.3
KAEF	2,360	2,700	3,280	Buy	39.0	(27.4)	13.1	37.1x	5.2x	14.9	0.7	29.1	28.3	1.1
Infrastructure						(15.8)	714.13							
TLKM	3,490	4,399	4,600	Buy	31.8	(24.9)	351.8	18.4x	4.0x	22.1	4.8	0.5	(28.1)	0.8
EXCL	3,180	2,960	3,800	Buy	19.5	(11.7)	34.0	233.4x	1.6x	0.7	N/A	1.0	N/A	1.2
ISAT	3,240	4,800	6,750	Buy	108.3	(49.8)	17.6	N/A	1.4x	(2.6)	2.3	(26.8)	N/A	0.9
JSMR	4,530	6,400	6,050	Buy	33.6	(22.2)	32.9	14.7x	2.1x	14.8	1.3	42.5	2.9	1.0
TBIG	5,550	6,425	6,050	Hold	9.0	(13.6)	25.1	11.2x	8.4x	104.6	3.0	7.1	8.1	0.6
INDY	3,270	3,060	5,000	Buy	52.9	157.5	17.0	3.2x	1.2x	44.8	3.3	219.4	49.0	0.8
Trade						(6.1)	739.1							
UNTR	34,400	35,400	44,750	Buy	30.1	13.5	128.3	13.6x	2.6x	20.6	2.6	32.3	60.0	1.1
AKRA	3,610	6,350	8,025	Buy	122.3	(46.7)	14.5	20.7x	1.7x	22.2	6.1	21.6	(34.8)	1.3
SCMA	2,100	2,480	2,500	Buy	19.0	(5.0)	30.7	23.0x	7.3x	32.5	3.6	2.6	0.7	1.1
MNCN	905	1,285	1,550	Buy	71.3	(39.3)	12.9	9.0x	1.2x	14.6	1.7	1.8	(9.2)	1.2
LPPF	7,500	10,000	11,250	Buy	50.0	(25.0)	21.9	11.4x	9.4x	93.0	6.1	3.1	0.4	1.0
ACES	1,360	1,155	1,635	Buy	20.2	24.8	23.3	26.5x	6.5x	26.3	1.7	22.6	30.0	1.0
RALS	1,270	1,200	1,400	Hold	10.2	25.7	9.0	16.3x	2.3x	14.6	3.1	0.9	31.8	0.9
MAPI	835	620	945	Hold	13.2	19.3	13.9	23.7x	3.1x	15.5	0.5	18.0	183.0	1.0
Property						(12.2)	384.0							
BSDE	1,200	1,700	1,850	Buy	54.2	(34.6)	23.1	6.9x	0.9x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	515	685	625	Buy	21.4	(23.1)	24.8	11.8x	2.2x	20.5	1.2	14.4	25.4	1.2
CTRA	845	1,185	1,130	Buy	33.7	(27.8)	15.7	21.5x	1.2x	5.6	1.1	(0.8)	(49.0)	1.4
SMRA	660	945	1,050	Buy	59.1	(36.8)	9.5	28.6x	1.5x	5.2	0.8	(2.5)	(40.0)	1.5
WSKT	1,895	2,210	2,810	Buy	48.3	(14.6)	25.7	4.4x	1.5x	39.6	3.0	47.3	134.6	1.4
PTPP	1,900	2,640	3,850	Buy	102.6	(32.4)	11.8	8.7x	1.0x	12.5	2.5	17.0	(16.3)	1.3
WIKA	1,550	1,550	2,150	Buy	38.7	(21.9)	13.9	10.8x	1.1x	10.5	1.7	36.8	18.7	0.9
ADHI	1,490	1,885	2,160	Buy	45.0	(26.2)	5.3	9.3x	0.9x	10.1	1.9	39.7	282.5	1.1
Misc Ind.						(7.3)	367.0							
ASII	7,250	8,300	9,300	Buy	28.3	(7.9)	293.5	14.7x	2.3x	16.3	2.6	14.8	11.3	1.3
Basic Ind.						39.3	650.6							
INTP	17,725	21,950	21,575	Buy	21.7	(10.5)	65.2	49.7x	2.9x	5.7	3.9	(0.9)	(60.6)	1.4
SMGR	9,450	9,900	11,550	Buy	22.2	(9.8)	56.1	29.7x	1.9x	6.6	1.4	4.7	(10.9)	1.2
CPIN	4,980	3,000	4,200	Sell	(15.7)	79.8	81.7	23.9x	4.7x	21.3	1.1	2.7	59.1	1.0
JPFA	2,200	1,300	2,000	Hold	(9.1)	83.3	25.8	15.6x	2.9x	18.3	2.3	18.2	142.5	0.7
MAIN	1,350	740	780	Sell	(42.2)	45.9	3.0	21.0x	1.7x	7.9	N/A	13.5	350.0	1.1
KRAS	416	424	500	Buy	20.2	(25.0)	8.0	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	5,500	6,000	6,275	Hold	14.1	30.0	98.1	22.8x	3.8x	19.1	1.5	9.9	(36.3)	0.7
BRPT	1,715	2,260	2,420	Buy	41.1	(13.2)	30.5	20.5x	1.5x	8.9	1.4	9.8	(7.3)	1.0
Mining						32.1	447.4							
ADRO	1,865	1,860	2,500	Buy	34.0	2.2	59.7	8.8x	1.1x	13.3	5.8	3.9	(12.1)	1.1
PTBA	4,050	2,460	5,375	Buy	32.7	63.6	46.7	8.0x	3.4x	43.4	7.9	17.4	49.1	1.1
ITMG	28,300	20,700	32,400	Hold	14.5	45.5	32.0	8.5x	2.3x	27.6	11.1	8.0	(10.0)	1.1
INCO	3,800	2,890	5,325	Buy	40.1	27.9	37.8	65.7x	1.4x	1.9	N/A	28.3	N/A	1.2
ANTM	870	625	985	Hold	13.2	17.6	20.9	55.7x	1.1x	2.0	0.2	247.2	3550.0	1.1
TINS	780	775	1,240	Buy	59.0	(18.3)	5.8	11.2x	1.0x	8.3	3.0	1.8	6.1	1.0
ELSA	362	372	625	Buy	72.7	42.5	2.6	7.3x	0.8x	12.1	1.4	46.5	783.3	1.4
Agriculture						(4.0)	105.8							
AALI	13,500	13,150	16,925	Buy	25.4	(8.5)	26.0	14.8x	1.4x	9.7	3.5	8.9	(23.3)	0.6
LSIP	1,395	1,420	1,680	Buy	20.4	1.5	9.5	18.0x	1.2x	6.6	3.2	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

RALS : Boost Sales in the 2H18

RALS posted the sales of IDR5.1 trillion (3.9% y-y) equal to the 2018's target of IDR8.2 trillion. To hit the target, RALS will strengthen the 2H18's sales strategies such as maintaining inventories pursuant to the market demand, offering the proper promotion, maximizing digital facilities, cooperating with Cineplex 21's network. (Kontan)

WEGE : Acquisition Is Targeted in the 2H18

WEGE targeted the acquisition of geotechnical company to be finished in the 2H18's. The acquisition is related to its expansion strategy to underground project such as basement. Additionally, it targeted the development of Cibungur-based modular factory worth IDR30 billion to be completed in the 1H19. (Bisnis Indonesia)

WSBP : Expands Market Outside Its Core Business

WSBP plans to expand its new contracts in the infrastructure, property, energy and ready-mix segment. Such contracts are not obtained from its core business. Thus, it will focus on product diversification strategy and supply expansion funded by the 2018's capex of IDR1.1 trillion. (Bisnis Indonesia)

PRDA : Will Launch 5-7 New Stores

Until the end of 2018, PRDA targets to launch 5-7 new stores in Bengkulu, Probolinggo, Jepara, Jatiwaringin, and Tangerang. To date, PRDA has 288 stores and 141 laboratories situated in 120 cities, another to store expansion, PRDA will also launch digital health service, namely Kontak Prodia and new medical check-up technic. (Kontan)

Domestic & Global News

Growth in Banking Credit Boosts Amount of Money Circulation

The amount of money circulation (M2) spiked in July 2018. Of note its current position was at IDR5,505.6 trillion or growing by 6.3% higher than the prior growth of 5.9% y-y. The factor effecting M2 growth is the expansion of central government financial operation and acceleration in credit growth. the expansion of central government financial operation was reflected in net receivable to the central government growing by 5.3% y-y in contrast to the prior month of 0.5% y-y.

US and Canada Fail to Reach Trade Deal

Trade talks between the United States and Canada will kick off again Wednesday after the two sides ended Friday's tense negotiations without a deal. President Donald Trump on Friday notified Congress that he wants to sign a trade agreement with Mexico, and potentially Canada in 90 days, the period legally required to review a deal, U.S. Trade Representative Robert Lighthizer said in a statement. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	JPN	07:30	Nikkei Japan PMI Mfg	Aug F	52.5	--	52.5
<i>03 - Sep</i>	CHN	08:45	Caixin China PMI Mfg	Aug		50.7	50.8
	GER	14:55	Markit Germany Manufacturing PMI	Aug F		56.1	56.1
	EU	15:00	Markit Eurozone Manufacturing PMI	Aug F		54.6	54.6
	UK	15:30	Markit UK PMI Manufacturing SA	Aug		53.9	54
Tuesday	USA	20:45	Markit US Manufacturing PMI	Aug F		54.5	54.5
<i>04 - Sep</i>	USA	21:00	ISM Manufacturing	Aug		57.6	58.1
Wednesday	USA	19:30	Trade Balance	Jul		-\$50.0b	-\$46.3b
<i>05 - Sep</i>							
Thursday	GER	13:00	Factory Orders MoM	Jul		1.80%	-4.00%
<i>06 - Sep</i>	USA	19:15	ADP Employment Change	Aug		190k	219k
	USA	21:00	Factory Orders	Jul		-0.60%	0.70%
Friday	CHN	Tentative	Foreign Reserves	Aug		\$3115.00b	\$3117.95b
<i>07 - Sep</i>	EU	16:00	GDP SA QoQ	2Q F		0.40%	0.40%
	EU	16:00	GDP SA YoY	2Q F		2.20%	2.20%
	USA	19:30	Change in Nonfarm Payrolls	Jul F		193k	157k
	USA	19:30	Unemployment Rate	Jul F		3.80%	3.90%

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Monday	07:30	Nikkei Indonesia PMI Mfg	Aug	51.9	--	50.5
<i>03 - Sep</i>	11:00	CPI NSA MoM	Aug		0.06%	0.28%
	11:00	CPI Core YoY	Aug		2.89%	2.87%
	11:00	CPI YoY	Aug		3.33%	3.18%
Thursday	Tentative	Consumer Confidence Index	Aug		--	124.8
<i>06 - Sep</i>						
Friday	Tentative	Net Foreign Assets IDR	Aug		--	\$1667.4t
<i>07 - Sep</i>	Tentative	Foreign Reserves	Aug		--	\$118.31b

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Tuesday	Extraordinary Shareholder Meeting	OKAS, MITI
<i>04 - Sep</i>		
Wednesday	Stock Split	BCIC (1 : 100,000)
<i>05 - Sep</i>	Extraordinary Shareholder Meeting	JSMR
	Cum Dividend Interim Date	JPFA (IDR50 per share)
Thursday	Annual Shareholder Meeting	BSSR
<i>06 - Sep</i>		
Friday	Annual & Extraordinary Shareholder Meeting	ENRG
<i>07 - Apr</i>	Extraordinary Shareholder Meeting	PGAS, MPMX

Source: Bloomberg

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